
FEDERAL ENERGY REGULATORY COMMISSION



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NEWS RELEASE

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Docket Nos. ER01-1099-010, *et al.*, ER96-1085-008, *et al.*, ER02-2001-005, *et al.* and ER02-2001-004, *et al.*

EIGHT COMPANIES' MARKET-BASED RATE AUTHORITY REVOKED, SIX OTHERS PUT ON NOTICE; SCE&G's MITIGATION CONDITIONALLY ACCEPTED, CLECO'S SECTION 206 PROCEEDING TERMINATED

The Federal Energy Regulatory Commission today revoked the market-based rate authority of eight companies for failure to comply with regulations requiring electric quarterly reports (EQRs). In addition, six other companies were put on notice that their market-based rate authority would be revoked unless they comply with Commission regulations and file their reports within 15 days.

"Market-based rate authorization is a privilege, not a right. If the conditions for market-based rate authorization are not satisfied, the Commission will revoke authorization," Chairman Joseph T. Kelliher said.

In Order No. 2001, issued in April 2002 (RM01-8), the Commission revised its public utility filing requirements to establish a requirement for utilities and power marketers to file EQRs – a summary of the contractual terms and conditions in their agreements for all jurisdictional services and providing transaction information for short and long-term power sales during the three-month period.

In a December 2005 order, the Commission announced that it would revoke the market-based rate authority of eight utilities that had failed to file their required EQR reports in 2005. Those eight companies, whose market-based rates were revoked today for failing to respond, are: Bravo Energy Resources LLC; Core Equities Inc.; HC Power Marketing; Maxim Energy Partners LLC; Mountainview Power Co.; Mt. Carmel Cogen Inc.; Phoenix Energy associates L.L.C.; and USP&G (Pennsylvania) Ltd.

The six companies given 15 days to file their EQRs with the Commission or risk losing their market-based rates have not submitted their reports for the third and fourth

quarters of 2005. The companies are: Capital Power Inc.; Energy Investments Managements Inc.; New Light Energy LLC; Premier Energy Marketing LLC; Sprague Energy Corp.; and TME Energy Services.

In a separate proceeding, the Commission conditionally accepted South Carolina Electric & Gas Company's (SCE&G) plan to mitigate the presumption of market power in the utility's control area. In earlier orders, the Commission found that SCE&G failed the wholesale market share screen in its control area. With today's order the utility is prohibited from making market-based wholesale sales within its control area, unless it obtains prior Commission approval.

In a separate order, the Commission accepted a compliance filing from Louisiana-based Cleco Companies that satisfies the Commission's market power standards. The Commission previously determined that the Cleco Companies failed to file data and work papers supporting a simultaneous transmission import capability study used in determining whether the companies had market power in two of its control areas, the City of Lafayette Power Authority and the Louisiana Energy and Power Authority (LEPA). The Commission also terminated the section 206 investigation, initiated to investigate generation market power issues in the LEPA and Lafayette control areas.

The Commission allows wholesale electric power sales at market-based rates if the seller and its affiliates do not have, or have adequately mitigated market power in generation and transmission and cannot erect other barriers to entry by other suppliers. The Commission also considers whether there is evidence of affiliate abuse or reciprocal dealing. As a condition of a company's authorization to sell power at market-based rates, the company must file an updated market power analysis every three years in order for the Commission to ensure that rates remain just and reasonable.